

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 ROME 11201

EXDIS

E.O. 11652: XGDS-1

TAGS: PINT, IT

SUBJECT: AMBASSADOR'S CONVERSATION WITH BUDGET MINISTER
GIULIO ANDREOTTI

SUMMARY. DURING A USEFUL LUNCHEON WITH BUDGET MINSITER GIULIAO ANDREOTTI ON JULY 8, THE AMBASSADOR COUPLED AN EXPRESSION OF SATISFACTION OVER THE CHRISTIAN DEMOCRATIC (DC) RECOVERY IN THE RECENT ELECTIONS WITH AN INDICATION OF CONCERN OVER THE APPARENT DC WILLINGNESS TO MAKE ACCOMMODATIONS WITH THE COMMUNISTS (PCI). ANDREOTTI DESCRIBED THE DILEMMA IN WHICH THE DC FINDS ITSELF AND INDICATED THAT THE PARTY HAS REACHED THE CONCLUSION THAT THE ONLY WAY OUT OF THE PRESENT SITUATION IS TO DEAL WITH THE PCI, PRESERVING, HOWEVER, AT ALL COSTS THE DISTINCTION BETWEEN THE MAJORITY AND THE OPPOSITION. HE STRESSED THE DIFFICULTIES INVOLVED IN FORMING A NEW GOVERNMENT GIVEN THE POSITIONS OF THE SOCIALISTS (PSI) AND THE OTHER LAY PARTIES. ANDREOTTI ANTICIPATES THE CREATION OF EITHER A DC MINORITY GOVERNMENT OR A COALITION GOVERNMENT WHICH COULD LAST SEVERAL MONTHS, AND HE INDICATED THAT HE IS A PRIME CANDIDATE TO FORM THE NEXT GOVERNMENT, A TASK HE FELT HE COULD DO. ANDREOTTI OPINED THAT DE MARTINO WILL REMAIN AT THE HELM OF THE PSI, AND URGED THAT WE RENEW OUR INVITATION TO THE PSI SECRETARY TO VISIT THE US AS WELL EXTEND SIMILAR INVITATIONS TO OTHER PSI LEADERS. END SUMMARY.

1. AMBASSADOR HAD A USEFUL LUNCHEON CONVERSATION WITH BUDGET
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MINISTER ANDREOTTI JULY8. AT THE ONSET, AMBASSADOR STRESSED

OUR PLEASURE OVER THE RECOVERY OF THE DC ALTHOUGH AMB. NOTED THAT OUR SATISFACTION ABOUT THIS TREND HAD BEEN MUTED BY THE RATHER SUBSTANTIAL PCI GAINS. AT THE SAME TIME AMB. EXPRESSED SERIOUS CONCERN ABOUT THE ACCOMMODATIONS THAT THE DC APPEARS TO BE MAKING TO THE PCI IN THE WAKE OF THE ELECTIONS, A DEVELOPMENT WHICH ITALY'S ALLIES WOULD BE HARD PUT TO UNDERSTAND. AMBASSADOR NOTED THAT THE MOVES THE DC WAS NOW TAKING OR CONTEMPLATING ALL SEEMED TO LEAD, ALTHOUGH IN STAGES, TO THE "HISTORIC COMPROMISE".

2. ANDREOTTI STATED THAT THE DC HAD ALSO BEEN PLEASED WITH THE ELECTION RESULTS, BUT WOULD HAVE PREFERRED THAT THE VOTES IT HAD GAINED HAD COME AT THE EXPENSE OF THE PCI RATHER THAN FROM THE HIDE OF THE PARTY'S TRADITIONAL GOVERNING PARTNERS. AT THE SAME TIME, ANDREOTTI RECOGNIZES THAT THE TIME HAS NOW COME FOR THE DC TO TAKE SOME DECISIVE STEPS TO PROVE TO THE PEOPLE THAT IT CAN GOVERN AND GOVERN WILL. OTHERWISE, THERE WOULD PROBABLY NOT BE ANOTHER CHANCE TO HAVE A DEMOCRATIC PARTY LEAD THE ITALIAN GOVERNMENT.

3. TURNING TO THE POST-ELECTION SITUATION, ANDREOTTI STRESSED THAT IT WAS NECESSARY TO LOOK AT THE REALITIES OF THE ITALIAN POLITICAL SITUATION. THE DC WAS FACED WITH THE POSSIBILITY THAT THE PCI COULD FORM A GOVERNMENT WITH THE PSI, THE SOCIAL DEMOCRATS (PSDI), THE REPUBLICANS (PRI), THE RADICALS AND THE DEMOCRATIC PROLETERIANS (DP). UNDER THE CIRCUMSTANCES, THE DC COULD EITHER WORK OUT A DEAL WITH THE PCI, GO INTO OPPOSITION OR CALL FOR NEW ELECTIONS. ANDREOTTI AND HIS COLLEAGUES DID NOT FEEL THAT THE LATTER TWO ALTERNATIVES WERE VIABLE, AND ACCORDINGLY CONCLUDED THAT IT WOULD BE BETTER TO TRY TO ACCOMMODATE THE PCI IN WAYS WHICH WOULD NOT INVOLVE THE PARTY IN THE ACTUAL GOVERNING OF ITALY.

4. IN CONFRONTING THE PRESENT SITUATION IN TERMS OF REORGANIZING THE NEW PARLIAMENT, THE DC HAD SHIFTED THE PCI SIGHTS FROM THE PRESIDENCY OF THE SENATE, WHOSE

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INCUMBENT WOULD REPLACE THE PRESIDENT OF THE REPUBLIC IN CASE OF A VACANCY IN THAT OFFICE, TO THAT OF THE PRESIDENCY OF THE CHAMBER. WHILE GIVING THE PCI A CERTAIN MEASURE OF INCREASED PRESTIGE, THIS POSITION DOES NOT REALLY GIVE THE PARTY ANY GREAT AMOUNT OF ADDITIONAL POWER. AS FOR THE PRESIDENCIES OF PARLIAMENTARY COMMITTEES, ANDREOTTI FEELS THAT A CERTAIN NUMBER OF THESE WILL ALSO HAVE TO BE CEDED TO

THE PCI BUT THESE WOULD BE KEPT TO A MINIMUM
(PROBABLY FOUR AMONG THE TWO CHAMBERS) AND WOULD
NOT INVOLVE WHAT ARE CONSIDERED MAJOR COMMITTEES.

5. TURNING TO THE MUCH TALKED ABOUT POSSIBILITY OF
A PROGRAMMATIC ACCORD WITH THE PCI, AMBASSADOR DREW ATTENTION
TO THE DANGERS OF A SITUATION IN WHICH THE DC IN EFFECT
ABDICATED ITS POWER AND GAVE THE COMMUNISTS VIRTUAL
VETO POWER OVER THE LEGISLATIVE PROCESS. ANDREOTTI
ASSERTED THAT THIS WOULD NOT OCCUR. THE DC ENVISAGES
DRAWING UP LEGISLATIVE PROPOSALS IN COLLABORATION WITH
ITS COALITION PARTNERS. THESE PROPOSALS WOULD THEN
BE REVIEWED WITH THE PCI ALLOWING THEM TO MAKE COUNTER-
PROPOSALS WHICH COULD BE ACCEPTED BY THE MAJORITY
PROVIDED THAT THESE DO NOT INVOLVE A COMPROMISE OF
DC PRINCIPLES. THIS PROCESS WOULD HOPEFULLY ENGAGE
THE COMMUNISTS IN SUPPORT FOR A GOVERNMENT PROGRAM IN
SPECIFIC AREAS (ECONOMIC, ADMINISTRATIVE REFORM) AND
THIS FORMULA, ACCORDING TO ANDREOTTI, WAS THE ONLY
CONCEIVABLE WAY AT THIS JUNCTURE THAT THE DC COULD
REASONABLY EXPECT TO BE ABLE TO FORM A GOVERNMENT WHICH
WOULD EXCLUDE DIRECT PCI PARTICIPATION. AT THE SAME
TIME, THIS FORMULA WOULD HOLD OUT THE HOPE THAT,
WITH A MEASURE OF COOPERATION FROM THE COMMUNISTS, THE
DC COULD GET A PROGRAM GOING DESIGNED TO ADDRESS
SOME OF THE CRITICAL PROBLEMS OF THE NATION'S
ECONOMY.

6. AMBASSADOR SUGGESTED TO ANDREOTTI THAT IT WOULD BE VERY
DIFFICULT FOR THE US AND PRESUMABLY ITALY'S EUROPEAN
PARTNERS TO PROVIDE ECONOMIC AND OTHER ASSISTANCE TO
ITALY IF THE PCI HAD A MAJOR OR FORMAL ROLE IN THE
GOVERNMENT PROCESS. AT THE SAME TIME AMBASSADOR OBSERVED THAT
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IT WAS HIGHLY UNLIKELY THAT THERE WOULD BE ANY MAJOR
CHANGE IN AMERICAN FOREIGN POLICY FOLLOWING THE
PRESIDENTIAL ELECTIONS REGARDLESS OF WHO IS
ELECTED IN NOVEMBER. ANDREOTTI SAID HE UNDERSTOOD
THESE POINTS, AND NOTED THAT IT MIGHT BE USEFUL FOR
GOVERNOR CARTER TO MAKE ANOTHER STATEMENT OR TWO
REGARDING FOREIGN POLICY TO MAKE SURE THAT HIS VIEWS
ABOUT THE PCI ARE ABSOLUTELY CLEAR.

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7. AS FOR DC RELATIONS WITH THE OTHER PARTIES, ANDREOTTI SAID THAT THE PSI IS BEING VERY DIFFICULT AT THE PRESENT TIME. EVENTUALLY HE HOPES THAT THERE WILL BE A CHANGE IN ITS ATTITUDE WHICH WOULD PERMIT IT TO RE-ENTER A COALITION WITH THE DC. HE INDICATED THAT BOTH THE REPUBLICANS AND THE SOCIAL DEMOCRATS ARE PLAYING HARD TO GET NOW, PARTIALLY BECAUSE THEY RESENT THE FACT THAT THE DC MADE GAINS AT THEIR EXPENSE IN THE ELECTIONS. BUT HE WAS HOPEFUL THAT THE DC MIGHT BE ABLE TO FORM A GOVERNMENT ALONE OR WITH ONE OR TWO OF THESE PARTIES WHICH WOULD ALSO BENEFIT FROM ABSTENSIONS BY THE PSI AND THE PCI. THIS GOVERNMENT WOULD PROBABLY LAST FOR SEVERAL MONTHS AT LEAST.

8. AMBASSADOR ASKED ANDREOTTI DIRECTLY WHAT HE CONSIDERED THE CHANCES TO BE OF HIS NAME BEING SUBMITTED TO PRESIDENT LEONE AS THE DC NOMINEE TO FORM THE NEW GOVERNMENT. ANDREOTTI FEELS THAT HE COULD FORM A GOVERNMENT, AND HE SAID THAT BOTH FORLANI AND COSSIGA HAD TOLD HIM THAT THEY DO NOT WANT THE JOB AT THIS TIME. ACCORDINGLY, IN THE ABSENCE OF ANY OTHER CANDIDATES, HE FEELS THAT HIS NAME COULD WILL BE SUBMITTED TO LEONE UNLESS THE LEFT WING OF THE DC SHOULD OBJECT STRONGLY. ANDREOTTI FEELS THAT HE WOULD BE ABLE TO DEAL WITH THE COMMUNISTS BUT ALWAYS REMEMBERING THAT THEY ARE IN THE OPPOSITION. BERLINGUER IS A DIFFICULT MAN TO DEAL WITH, BUT THERE ARE OTHER PEOPLE HE KNOWS WELL

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IN THE PARTY WHO ARE STARTING TO SHOW SOME INDEPEN-

DENCE FROM BERLINFUER AND WITH WHOM HE FELT HE MIGHT HAVE SOME DEGREE OF SUCCESS IN GAINING SOME COOPERATION FROM OUTSIDE THE GOVERNMENT. SHOULD HE GET THE NOD, ANDREOTTI IS THINKING OF FORMING A SMALLER, MORE STREAMLINED CABINET WHICH MIGHT INCLUDE SOME NEW FACES AND SOME TECHNICIANS WHO HAVE A GOOD PUBLIC IMAGE. HE ALSO RECOGNIZED THE NEED TO GIVE A VOICE TO THE YOUNGER GENERATION AND TO THE NEWLY ELECTED PARLIAMENTARIANS IN THE DC DECISION-MAKING PROCESS. HE REGRETTED THE LACK OF CONSULTATION WITH THESE PEOPLE IN THE ELECTION OF THE PRESIDENTS OF THE TWO CHAMBERS OF THE PARLIAMENTS, BUT SAID THAT TIME LIMITATIONS HAD PREVENTED THIS FROM TAKING PLACE. ANDREOTTI COMMENTED FAVORABLY ON THE NUMBER OF NEWLY ELECTED DC PARLIAMENTARIANS IN THE 7TH LEGISLATURE.

9. RETURNING TO THE SOCIALISTS, ANDREOTTI FEELS THAT DE MARTINO WILL NOW BE PUSHED ASIDE FROM THE PARTY LEADERSHIP FOR THE IMMEDIATE FUTURE, AND HE NOTED THAT MANCINI DOES NOT SEEM TO BE MAKING A BID TO BECOME PARTY SECRETARY. IN FACT, HE BELIEVES MANCINI TO BE WORKING CLOSELY WITH DE MARTINO AT THE PRESENT TIME. ANDREOTTI THINKS IT WOULD BE A GOOD IDEA FOR US TO RENEW TO DE MARTINO THE INVITATION TO VISIT THE UNITED STATES. HE ALSO SUGESTED THAT AS A FURTHER STEP IN AN ATTEMPT TO CONVINCE THE SOCIALISTS THAT THEY WOULD BE BETTER OOFF WORKING WITH THE DC THAN WITH THE PCI, WE MIGHT ALSO CULTIVATE MANCINI AND CRAXI. IN HIS VIEW THESE TWO MIGHT ALSO BE USEFULLY INVITED TO VISIT THE UNITED STATES.BEAUDRY

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